



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

February 10, 2012

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
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Fifth District

STATUS REPORT ON THE CHILD CARE POLICY FRAMEWORK

On March 29, 2011, your Board adopted the updated Child Care Policy Framework and a series of related recommendations. As a part of that action, the Office of Child Care within the Service Integration Branch of the Chief Executive Office was directed to provide status reports in July and January of each year through 2013. This is the second status report covering the period of July 1, 2011 through January 31, 2012, and is focused on work related to three of the Policy Framework Goals.

Goal 1 - Expansion of the Steps to Excellence Program (STEP)

On December 6, 2011, your Board adopted a contract with Los Angeles Universal Preschool (LAUP) to provide funding for the Steps to Excellence Program (STEP) through August 2016. STEP is a child care quality rating and improvement system (QRIS) developed by the Policy Roundtable for Child Care and administered by the Office of Child Care. STEP has been operating in eleven communities across the County. Currently, 420 programs are participating in STEP including 205 child development centers and 215 family child care homes. The *STEP Rating Guide*, which reports program rating results, is available in English and Spanish online at www.childcare.lacounty.gov and in hard copy. In addition, the results of the STEP process evaluation, conducted in 2011, are also posted on the website. This evaluation was particularly timely and the recommendations presented will inform the STEP expansion efforts.

Under the LAUP contract, STEP is committed to:

- Expanding its services into five new communities each year. By September 2016, STEP will be in operating in 36 communities within Los Angeles County.
- Developing a recertification process for STEP-rated programs. This process will promote "quality improvement" as an ongoing process and will ensure that parents have access to current information regarding the quality of child development programs participating in STEP.

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- Continuing to provide Quality Improvement Grants to STEP participants. These relatively small grants help programs meet STEP standards.
- Evaluating STEP processes to inform STEP and the child development community about the most effective strategies to improve the quality of child development services.

On December 16, 2011, we were pleased to learn that California was one of nine states to be awarded funding under the Race to the Top/Early Learning Challenge Grant, a competitive grant program administered jointly by the U.S. Departments of Education and Health and Human Services. From the Federal perspective, the purpose of this funding is to build statewide systems of high quality early learning and development programs by aligning and raising standards for existing early learning and development programs, improving training and support for the early learning workforce through evidence-based practices, and building robust evaluation systems that promote effective practices and programs to help parents make informed decisions.

California's application proposed a regional, rather than a statewide system. This approach was put forth in order to comply with Governor Brown's directive to avoid creating a system that would result in future cost pressures on the State. Therefore, the California Department of Education/Child Development Division (CDE/CDD) will be targeting the Early Learning Challenge Grant funds to 15 counties where local QRISs are in place or being developed. Los Angeles County is particularly fortunate in that both STEP and LAUP will be participating in this effort.

Going forward this quarter, we will be working with your offices as we identify expansion communities and as details emerge regarding the Early Learning Challenge Grant.

Goal 2 - Efforts to Strengthen the Child Development Infrastructure

Unfortunately, the Governor's State Budget proposal for 2012-13 will present significant challenges to any attempt to "strengthen the child development infrastructure." A detailed discussion of the proposed reductions to the child development sector is attached for your information. The following provides a brief description of reductions which the Governor has put forth for 2012-13.

- Impose Federal Work Requirements on all families receiving subsidized child development services for an estimated statewide savings of \$293.6 million. Families currently receiving subsidized child development services where the parents are enrolled in college courses or vocational training, seeking permanent housing, and/or employment or incapacitated would no longer be eligible for services.
- Reduce the income eligibility ceiling from 70 percent of the State Median Income (\$3,518 per month for a family of three) to 200 percent of federal poverty level (\$3,088 for a family of three). This action is projected to generate a statewide savings of \$68 million. It could also force a single parent with two children earning \$3,089 per month to absorb child care costs of \$1,000 per a month.

- Eliminate the cost of living adjustment for child development programs for a savings of \$41.6 million. It should be noted that child development programs have not received a cost of living adjustment for over four years and have absorbed reductions each year for the past three years.
- Reduce the reimbursement ceiling for voucher based programs for a savings of \$11.8 million. In Los Angeles County, this drops the reimbursement ceiling by \$80 to \$118 per month, depending on the age of the child and type of child development program. These reductions combined with the required recordkeeping, will make child care providers less willing to serve children in voucher programs.
- Reduce the reimbursement rate for CDE/CDD contracted centers by 10 percent. The current rate for programs providing full day child development services is \$34.38 per child per day. The Governor's proposal will drop the reimbursement rate to \$30.94 per child per day. The consequence of this seemingly small cut becomes apparent when calculated at the classroom level of 20 children - effectively eliminating \$16,512 per classroom per year. This reduction will net statewide savings of \$101.9 million.
- CalWORKs Stage 2 child care services are slated to be reduced by \$26.3 million due to lower caseloads and Stage 3 is to be increased by \$4.5 million. In addition, the Governor is proposing to combine Stage 1, 2, and 3 into a single program.

Based on our initial calculations, if the Governor's budget is implemented as presented, the reductions would result in:

- A loss of \$155 million in child development funding to Los Angeles County; and
- More than 27,000 children in low-income working families would lose their child development services.

In addition to those dramatic reductions, the Governor has also proposed to move the bulk of child development services from CDE to County welfare agencies beginning in 2013-14. This transfer would represent a significant workload issue for counties. In addition, the child development services administered by County welfare departments have historically been viewed primarily as a "work support" activity. The quality of these services and their potential to prepare children for success in school and beyond has not been a priority. However, neuroscience has demonstrated that the architecture of the brain is shaped during the first three years of life, and that children's experiences before entering the K-12 system have lifelong impacts on academic, social, emotional, and health outcomes. In addition, there is a growing body of research documenting that poor children can reap significant benefits from participating in high quality child development programs. Therefore, the Governor's proposal will need to be weighed carefully, considering both the immediate need to reduce State expenditures, and our responsibility to help families support the healthy development of their children.

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Goal 5 – Establish a Los Angeles County Strengthening Families Learning Community

The Chief Executive Office launched the Los Angeles County Strengthening Families Learning Community on January 26, 2012. The Departments of Children and Family Services, Mental Health, Parks and Recreation, Probation, Public Library, Public Health, and Public Social Services participated in this event. With support from Casey Family Programs, Frank Farrow and Judy Langford with the Center for the Study of Social Policy based in Washington D.C., were able attend and present on the Strengthening Families Approach.

The Strengthening Families Approach builds on family strengths, buffers risk and promotes better outcomes for children. Initiated as a child abuse prevention strategy, Strengthening Families has been shown to benefit all families and has been effectively incorporated into the operations of public libraries, domestic violence prevention programs, and mental health and child welfare agencies. The adaptability of this approach to various sectors and the common language it offers has facilitated the integration of services among government departments and in communities. Currently, 35 states are implementing the Strengthening Families Approach as are various offices within the Federal Administration for Children, Youth and Families, including the Office of Head Start, the Office of Child Care, and the Maternal and Child Health Bureau. The Department of Defense is also using Strengthening Families in its New Parents and Family Advocacy Programs.

County department representatives expressed strong interest in staff development/training opportunities related to Strengthening Families and how it complements efforts such as the core practice model already underway to better integrate services and improve the well being of children and families. We will keep your Board apprised of our work in this arena.

Conclusion

We are pleased that, despite this tough economic climate, we are able to report on the expansion of STEP into additional communities. We are confident that the Strengthening Families Learning Community will provide additional opportunities and a common language to support the integration of services across County departments and with our community partners. The increased level of collaboration will be key as we deal with the State budget impacts.

The Policy Framework has contributed to our ability to take advantage of funding opportunities and to work cooperatively with stakeholders during this time of fiscal challenges. Our next report will include updates on Goals 3 and 4. Should your staff have questions regarding this report or the Child Care Policy Framework, please contact Trish Ploehn at (213) 974-4532 or tploehn@ceo.lacounty.gov.

WTF:TP
LB:KMS:km

Attachment

c: Executive Office, Board of Supervisors
County Counsel

K:SIB/BL and Memos 2012/BM Status Report re Child Care Policy Framework 2-6-12



**County of Los Angeles
Policy Roundtable for Child Care and Child Care Planning Committee**

IN

Policy Brief

Revised: February 1, 2012

**Governor's FY 2012-13 Proposed Budget
Preliminary Impacts of Proposed Cuts to Child Care and Development and Administrative Restructuring - Los Angeles County**

The Governor's State Budget proposal for 2012-13 released on January 5, 2012 would reduce funding for and restructure the administration of child care and development services. Total proposed funding for child care and development services, excluding after school programs, for 2012-13 is \$1.5 billion, reflecting a reduction of \$516.9 million in all child care and development programs, including part-day State Preschool. In addition, the proposed budget shifts all child care and development programs, except State Preschool, to the County welfare departments effective 2013-14 as a voucher-based program.¹

Governor's Proposal	State Savings	State Impact	Los Angeles County Impact
Require families to meet federal welfare-to-work requirements, generally 30 hours per week (20 hours per week for families with children under six years old). Families seeking employment, enrolled in school or a vocational training program, seeking permanent housing for family stability, or incapacitated would no longer be eligible for full-day subsidized child care and development services.	non-Proposition 98 General Fund \$293.6 million	46,300 (spaces lost)	Funding no longer available to programs serving children and families in Los Angeles County: \$155 million
Part-day State Preschool exempt from requirement.			Of this amount, estimated reduction to: Voucher-based programs = \$76 million
Reduce income eligibility ceiling from 70 percent of State Median Income (SMI) to 200 percent of the federal poverty level (FPL). ²	non-Proposition 98 General Fund \$43.9 million Proposition 98 General Fund \$24.1 million	15,700 (spaces lost for children currently in care)	Loss of services: 15,135 children/10,000 low-income working families Part-day State Preschool = \$20.9 million
Eliminate cost-of-living adjustment (COLA).	non-Proposition 98 General Fund \$29.9 million Proposition 98 General Fund \$11.7 million	No COLA for programs since the 2007-08 budget No growth for programs since the 2008-09 budget	Loss of services: 5,490 preschoolers (3-4 years old)
Reduce reimbursement ceiling for voucher-based programs from 85 th percentile of the private pay market based on 2005 Regional Market Rate (RMR) survey data to the 50 th percentile based on the 2009 survey.	non-Proposition 98 General Fund \$11.8 million		Full-day child development centers = \$57.6 million 6,840 children (birth to 12 years old)

Governor's Proposal	State Savings	State Impact	Los Angeles County Impact
Reduce the Standard Reimbursement Rate (SRR) for California Department of Education/Child Development Division (CDE/CDD)-contracted centers by 10 percent.	non-Proposition 98 General Fund \$67.8 million	\$34.38 per child day of enrollment reduced to \$30.94 (full-day)	
	Proposition 98 General Fund \$34.1 million	\$21.22 daily rate to \$19.09 (part-day State Preschool)	
Related Programs			
Eliminate the supplemental reimbursement for free and reduced priced breakfast and lunch served at private schools and private child care centers.	non-Proposition 98 General Fund \$10.4 million		
Eliminate the requirement that schools provide transitional kindergarten instruction beginning in the 2012-13 academic year.	Proposition 98 General Fund \$223.7 million	125,000 children by year 3	
Administrative Restructuring of Child Care and Development Services – Effective 2012-13			
Shift eligibility and payment functions from Alternative Payment (AP) Programs and CDE/CDD-contracted centers to county welfare departments, though counties may contract with these agencies to perform the payment function. All eligible families, including families currently enrolled in CDE/CDD-contracted centers, would receive a voucher for payment to a provider of their choosing. Recipients of child protective services or at risk of abuse, neglect or exploitation and cash-aided families would receive priority for the voucher-based program. CDE/CDD would continue to administer the part-day State Preschool program.		Children birth to 12 years old 130,733	440 centers operated by school districts, community-based organizations, faith-based entities and others contracted by CDE/CDD to provide full-day, full year services to 56,000 children of low-income families with a demonstrated need (working, seeking employment, enrolled in school or a vocational training program, seeking housing for family stability, or incarcerated) ⁴ Workforce Impact 2,700 classroom teachers 137 support staff 115 management positions Voucher-based programs: 200-275 Enrollment, case management and management positions
Require counties and AP Programs to identify and collect overpayments. Sanctions would be imposed on agencies that do not reduce the incidence of overpayments and to providers and families who commit intentional program violations. Savings would be reinvested into child care slots.			

¹ Brown, Jr., E.G. *Governor's Budget Summary 2012-13*. State of California, January 10, 2012.

² According to the Budget Summary, 200 percent of FPL is equivalent to 61 percent of the SMI for a family size of three, reflecting a reduction in the income ceiling from \$42,216 to \$37,060. For illustrative purposes, Table 1 compares 200 percent of the FPL with 70 percent of the SMI.

Table 1. Comparison of 200 Percent of Federal Poverty Level with 70 Percent of the State Median Income

Family Size	2011 Federal Poverty Level ¹		State Median Income ²	
	200% Gross Monthly Income	200% Gross Yearly Income	70% Gross Monthly Income	70% Gross Yearly Income
	\$1,815	\$21,780	\$3,283	\$39,396
	\$2,452	\$29,420	\$3,518	\$42,216
	\$3,088	\$37,060	\$3,908	\$46,896
	\$3,725	\$44,700	\$4,534	\$54,408
	\$4,362	\$52,340	\$5,159	\$61,908
	\$4,998	\$59,980	\$5,276	\$63,312
	\$5,635	\$67,620	\$5,394	\$64,728
	\$6,272	\$75,260		
	\$636	\$7,640		

* Federal Register, Vol. 76, No. 13, January 20, 2011, pp. 3637-3638.

* California Department of Education, *Management Bulletin 11-06 – Updated Child Development Income Ceilings*, April 2011. Retrieved from www.cde.ca.gov/si/nc/cd/mb1106.asp.

³ Data from this section extracted from the survey of agencies providing subsidized child care and development services in center-based programs conducted by the Los Angeles County Data Collaboration in 2001 and the CDE 801 report for the previous year obtained in April 2011.

⁴ Table 2 details the potential impact of the Governor's proposal to children and families served by centers that meet quality standards as set forth by Title V of the California Education Code.

Table 2. CDE/CDD-contracted Child Development Centers – Full-day

Program Type – Full-day, Full-year	Number of Children Served
California State Preschool Program – Full-day (three and four year olds)	19,957
Child Care and Development Centers (birth to three year olds)	3,750
Child Care and Development Centers (five to 12 year olds)	4,060